

106TH CONGRESS
1ST SESSION

S. 371

To provide assistance to the countries in Central America and the Caribbean affected by Hurricane Mitch and Hurricane Georges, to provide additional trade benefits to certain beneficiary countries in the Caribbean, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 4, 1999

Mr. GRAHAM (for himself, Mr. DEWINE, Mr. COVERDELL, Mr. DOMENICI, Ms. LANDRIEU, Mr. DODD, Mr. HATCH, Mr. FRIST, Mr. MACK, and Mr. HAGEL) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide assistance to the countries in Central America and the Caribbean affected by Hurricane Mitch and Hurricane Georges, to provide additional trade benefits to certain beneficiary countries in the Caribbean, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Central American and Caribbean Relief Act”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title; table of contents.
 Sec. 2. Findings.
 Sec. 3. Definitions.

TITLE I—UNITED STATES-CARIBBEAN TRADE ENHANCEMENT

Sec. 101. Short title.
 Sec. 102. Statement of policy.
 Sec. 103. Definitions.
 Sec. 104. Temporary provisions to provide additional trade benefits to certain
 beneficiary countries.
 Sec. 105. Adequate and effective protection for intellectual property rights.
 Sec. 106. Duty-free treatment for certain beverages made with Caribbean rum.

TITLE II—ECONOMIC SUPPORT FUND AND OTHER ASSISTANCE

Sec. 201. ESF assistance; Habitat for Humanity.
 Sec. 202. Disaster assistance.
 Sec. 203. Disaster mitigation.

TITLE III—DEPARTMENT OF DEFENSE

Sec. 301. Drawdown authority.
 Sec. 302. Replacement of funds used for disaster relief and reconstruction in
 connection with Hurricane Mitch.

TITLE IV—INTERNATIONAL MONETARY RELIEF

Sec. 401. Rescheduling and reduction of indebtedness.
 Sec. 402. Contribution to a Central American Emergency Trust Fund.

TITLE V—OPIC

Sec. 501. Private sector development activities of the OPIC.

TITLE VI—MICROCREDIT AND AGRICULTURAL ASSISTANCE

Sec. 601. Declaration of policy.
 Sec. 602. Microenterprise assistance.
 Sec. 603. Support for producer-owned cooperative marketing associations.
 Sec. 604. Agricultural research and extension activities.
 Sec. 605. Nonemergency food assistance programs.

3 **SEC. 2. FINDINGS.**

4 Congress makes the following findings:

5 (1) In October of 1998, Hurricane Mitch dev-
 6 astated areas of the Caribbean and Central America.
 7 The National Hurricane Center has called this storm

1 “the most deadly hurricane in the Atlantic in over
2 200 years”. Hurricane Mitch killed 9,860 people and
3 left approximately 3,000,000 people homeless in the
4 region.

5 (2) Hurricane Georges hit the Florida Keys, the
6 islands of the Caribbean, and the Gulf coast of the
7 United States in September of 1998, causing more
8 than \$1,000,000,000 in damage. The storm killed
9 250 people.

10 (3) The total direct economic impact of Hurri-
11 cane Mitch and Hurricane Georges on Honduras,
12 Nicaragua, the Dominican Republic, El Salvador,
13 and Guatemala amounts to \$4,200,000,000. Hon-
14 duras’ losses represent more than 50 percent of its
15 gross domestic product and Nicaragua lost a quarter
16 of its gross domestic product.

17 (4) The United States must continue to play a
18 leading role in responding to the disaster and en-
19 courage others to contribute to the recovery effort.
20 For example, Taiwan has contributed \$50,800,000
21 in assistance for the construction of roads and hous-
22 ing, the rehabilitation of agricultural production,
23 and the distribution of supplies. Sweden, Spain, and
24 France have sent engineering teams to the region to
25 assess damage to roads, and Japan and the Euro-

1 pean Union have pledged millions of dollars in as-
2 sistance. The United States praises the efforts of
3 these and other nations in assisting with the reha-
4 bilitation of the region.

5 (5) Approximately 356 bridges were destroyed
6 in the region, and 57 percent of the region's roads
7 were impacted. The United States equivalent of this
8 would be the destruction of 3,900,000 miles of high-
9 way. These roads must be reconstructed quickly so
10 that farmers can transport their goods to market
11 and much-needed medical supplies can reach rural
12 areas.

13 (6) Hurricane Mitch devastated the agricultural
14 sector in the affected areas of Central America and
15 the Caribbean, particularly the countries of Hon-
16 duras and Guatemala. An estimated 70 percent of
17 Honduras' crops were destroyed by Hurricane
18 Mitch, including 90 percent of the country's banana
19 and grain crops. In Guatemala, an estimated 95 per-
20 cent of the nation's banana crop was damaged, 25-
21 60 percent of the corn, bean, coffee, and sugar crops
22 were destroyed, and 30 percent of the cattle was
23 lost.

24 (7) Approximately 50 percent of Central Amer-
25 ica and the Caribbean's workforce is employed in ag-

1 riculture. The devastation to the agriculture sector
2 by Hurricane Mitch has resulted in a widespread
3 shortage of food which is likely to continue in the
4 long term unless the region's agricultural sector is
5 rehabilitated.

6 (8) Agricultural assistance and training and
7 microcredit assistance will provide much needed aid
8 to the affected areas of Central America and the
9 Caribbean as the areas rebuild their agriculture sec-
10 tors. The immediate distribution of food aid is im-
11 portant in the short term, but it is essential that the
12 region be able to return to self-sufficiency in food
13 production so the citizens of Central America and
14 the Caribbean will be able to feed themselves once
15 again.

16 (9) The goal of United States assistance to the
17 region should focus on, in addition to the short-term
18 disaster assistance, long-term solutions for a suc-
19 cessful economic recovery of Central America and
20 the Caribbean. Successful economic recovery lies in
21 the region's ability to expand its international trade
22 with important trading partners such as the United
23 States.

24 (10) The Caribbean Basin Economic Recovery
25 Act (referred to in this Act as "CBERA") rep-

1 resents a permanent commitment by the United
2 States to encourage the development of strong demo-
3 cratic governments and revitalized economies in
4 neighboring countries in the Caribbean Basin.

5 (11) Thirty-four democratically elected leaders
6 agreed at the 1994 Summit of the Americas to con-
7 clude negotiation of a Free Trade Area of the Amer-
8 icas (referred to in this title as “FTAA”) by the
9 year 2005.

10 (12) The economic security of the countries in
11 the Caribbean Basin will be enhanced by the comple-
12 tion of the FTAA.

13 (13) Offering temporary benefits to Caribbean
14 Basin countries will enhance trade between the
15 United States and the Caribbean Basin, encourage
16 development of trade and investment policies that
17 will facilitate participation of Caribbean Basin coun-
18 tries in the FTAA, preserve the United States com-
19 mitment to Caribbean Basin beneficiary countries,
20 help further economic development in the Caribbean
21 Basin region, and accelerate the trend toward more
22 open economies in the region.

23 (14) Promotion of the growth of free enterprise
24 and economic opportunity in the Caribbean Basin

1 will enhance the national security interests of the
2 United States.

3 (15) Increased trade and economic activity be-
4 tween the United States and Caribbean Basin bene-
5 ficiary countries will create expanding export oppor-
6 tunities for United States businesses and workers.

7 **SEC. 3. DEFINITIONS.**

8 In this Act:

9 (1) ADMINISTRATOR.—The term “Adminis-
10 trator” means the Administrator of the United
11 States Agency for International Development.

12 (2) AFFECTED AREAS OF CENTRAL AMERICA
13 AND THE CARIBBEAN.—The term “affected areas of
14 Central America and the Caribbean” means areas in
15 the Central American countries and the Caribbean
16 countries that incurred damage from Hurricane
17 Mitch in October of 1998.

18 (3) CARIBBEAN COUNTRIES.—The term “Carib-
19 bean countries” means any country listed in section
20 212(b) of the Caribbean Basin Economic Recovery
21 Act (19 U.S.C. 2702(b)) (other than Central Amer-
22 ican countries).

23 (4) CENTRAL AMERICAN COUNTRIES.—The
24 term “Central American countries” means Belize,

1 Costa Rica, El Salvador, Guatemala, Honduras,
2 Nicaragua, and Panama.

3 (5) OPIC.—The term “OPIC” means the Over-
4 seas Private Investment Corporation.

5 **TITLE I—UNITED STATES-CARIB-** 6 **BEAN TRADE ENHANCEMENT**

7 **SEC. 101. SHORT TITLE.**

8 This title may be cited as the “United States-Carib-
9 bean Basin Trade Enhancement Act”.

10 **SEC. 102. STATEMENT OF POLICY.**

11 It is the policy of the United States to—

12 (1) offer Caribbean Basin beneficiary countries
13 willing to prepare to become a party to the FTAA,
14 or a comparable trade agreement, tariff treatment
15 essentially equivalent to that accorded to products of
16 NAFTA countries for certain products not currently
17 eligible for duty-free treatment under the CBERA;
18 and

19 (2) seek the participation of Caribbean Basin
20 beneficiary countries in the FTAA or a trade agree-
21 ment comparable to the FTAA at the earliest pos-
22 sible date, with the goal of achieving full participa-
23 tion in such agreement not later than 2005.

24 **SEC. 103. DEFINITIONS.**

25 In this title:

1 (1) BENEFICIARY COUNTRY.—The term “bene-
 2 ficiary country” has the meaning given the term in
 3 section 212(a)(1)(A) of the Caribbean Basin Eco-
 4 nomic Recovery Act (19 U.S.C. 2702(a)(1)(A)).

5 (2) NAFTA.—The term “NAFTA” means the
 6 North American Free Trade Agreement entered into
 7 between the United States, Mexico, and Canada on
 8 December 17, 1992.

9 (3) NAFTA COUNTRY.—The term “NAFTA
 10 country” means any country with respect to which
 11 the NAFTA is in force.

12 **SEC. 104. TEMPORARY PROVISIONS TO PROVIDE ADDI-**
 13 **TIONAL TRADE BENEFITS TO CERTAIN BENE-**
 14 **FICIARY COUNTRIES.**

15 (a) TEMPORARY PROVISIONS.—Section 213(b) of the
 16 Caribbean Basin Economic Recovery Act (19 U.S.C.
 17 2703(b)) is amended to read as follows:

18 “(b) IMPORT-SENSITIVE ARTICLES.—

19 “(1) IN GENERAL.—Subject to paragraphs (2)
 20 through (4), the duty-free treatment provided under
 21 this title does not apply to—

22 “(A) textile and apparel articles which
 23 were not eligible articles for purposes of this
 24 title on January 1, 1994, as this title was in ef-
 25 fect on that date;

1 “(B) footwear not designated at the time
 2 of the effective date of this title as eligible arti-
 3 cles for the purpose of the generalized system
 4 of preferences under title V of the Trade Act of
 5 1974;

6 “(C) tuna, prepared or preserved in any
 7 manner, in airtight containers;

8 “(D) petroleum, or any product derived
 9 from petroleum, provided for in headings 2709
 10 and 2710 of the HTS;

11 “(E) watches and watch parts (including
 12 cases, bracelets, and straps), of whatever type
 13 including, but not limited to, mechanical, quartz
 14 digital, or quartz analog, if such watches or
 15 watch parts contain any material which is the
 16 product of any country with respect to which
 17 HTS column 2 rates of duty apply; or

18 “(F) articles to which reduced rates of
 19 duty apply under subsection (h).

20 “(2) TRANSITION PERIOD TREATMENT OF CER-
 21 TAIN TEXTILE AND APPAREL ARTICLES.—

22 “(A) PRODUCTS COVERED.—During the
 23 transition period, the preferential treatment de-
 24 scribed in subparagraph (B) shall apply to the
 25 following products:

1 “(i) APPAREL ARTICLES ASSEMBLED
2 IN A BENEFICIARY COUNTRY.—Apparel ar-
3 ticles assembled in a beneficiary country
4 from fabrics wholly formed and cut in the
5 United States, from yarns wholly formed
6 in the United States that are—

7 “(I) entered under subheading
8 9802.00.80 of the HTS; or

9 “(II) entered under chapter 61
10 or 62 of the HTS, if, after such as-
11 sembly, the articles would have quali-
12 fied for entry under subheading
13 9802.00.80 of the HTS but for the
14 fact that the articles were subjected to
15 stone-washing, enzyme-washing, acid
16 washing, perma-pressing, oven-baking,
17 bleaching, garment-dyeing, or other
18 similar processes.

19 “(ii) APPAREL ARTICLES CUT AND AS-
20 SEMBLED IN A BENEFICIARY COUNTRY.—
21 Apparel articles cut in a beneficiary coun-
22 try from fabric wholly formed in the
23 United States from yarns wholly formed in
24 the United States, if such articles are as-

sembled in such country with thread
formed in the United States.

“(iii) HANDLOOMED, HANDMADE, AND
FOLKLORE ARTICLES.—A handloomed,
handmade, or folklore article of a bene-
ficiary country identified under subpara-
graph (C) that is certified as such by the
competent authority of such beneficiary
country.

“(iv) TEXTILE LUGGAGE.—Textile
luggage—

“(I) assembled in a beneficiary
country from fabric wholly formed
and cut in the United States, from
yarns wholly formed in the United
States, that is entered under sub-
heading 9802.00.80 of the HTS; or

“(II) assembled from fabric cut
in a beneficiary country from fabric
wholly formed in the United States
from yarns wholly formed in the
United States, if such luggage is as-
sembled in such country with thread
formed in the United States.

1 “(v) KNIT-TO-SHAPE.—Any textile or
 2 apparel article imported into the United
 3 States from a beneficiary country that is
 4 knit-to-shape in a beneficiary country from
 5 yarns wholly formed in the United States.

6 “(vi) SPECIAL RULE FOR FINDINGS
 7 AND TRIMMINGS.—

8 “(I) IN GENERAL.—Textile and
 9 apparel articles imported into the
 10 United States from a beneficiary
 11 country may contain findings and
 12 trimmings of non-United States origin
 13 incorporated into the assembled prod-
 14 uct if the findings and trimmings do
 15 not exceed 25 percent of the cost of
 16 the components of the assembled
 17 product.

18 “(II) DEFINITION.—For pur-
 19 poses of this clause, the term ‘findings
 20 and trimmings’ includes sewing
 21 thread, hooks and eyes, snaps, but-
 22 tons, bow buds, decorative lace trim,
 23 elastic strips, zippers (including zipper
 24 tapes), and labels. Elastic strips shall
 25 be treated as findings and trimmings

1 only if they are less than 1 inch in
2 width and used in the production of
3 brassieres.

4 “(III) SUIT LININGS.—Certain
5 non-United States formed, United
6 States cut interlinings for suit jackets
7 and suit-type jackets may be treated
8 as findings and trimmings if the inter-
9 linings meet the requirements of the
10 amendment to the Special Access Pro-
11 gram in effect on April 3, 1998.

12 “(B) PREFERENTIAL TREATMENT.—Ex-
13 cept as provided in subparagraph (E), during
14 the transition period, the articles described in
15 subparagraph (A) shall enter the United States
16 free of duty and free of any quantitative limita-
17 tions.

18 “(C) HANDLOOMED, HANDMADE, AND
19 FOLKLORE ARTICLES DEFINED.—For purposes
20 of subparagraph (A)(iii), the President, after
21 consultation with the beneficiary country con-
22 cerned, shall determine which, if any, particular
23 textile and apparel goods of the country shall be
24 treated as being handloomed, handmade, or
25 folklore goods of a kind described in section 2.3

1 (a), (b), or (c) or Appendix 3.1.B.11 of the
2 Annex.

3 “(D) PENALTIES FOR TRANS-
4 SHIPMENTS.—

5 “(i) PENALTIES FOR EXPORTERS.—If
6 the President determines, based on suffi-
7 cient evidence, that an exporter has en-
8 gaged in transshipment with respect to
9 textile or apparel products from a bene-
10 ficiary country, the President shall deny all
11 benefits under this title to such exporter,
12 and any successor of such exporter, for a
13 period of 2 years.

14 “(ii) PENALTIES FOR COUNTRIES.—
15 Whenever the President finds, based on
16 sufficient evidence, that transshipment has
17 occurred, the President shall request that
18 the beneficiary country or countries
19 through whose territory the transshipment
20 has occurred take all necessary and appro-
21 priate actions to prevent such trans-
22 shipment. If the President determines that
23 a country is not taking such actions, the
24 President shall reduce the quantities of
25 textile and apparel articles that may be im-

ported into the United States from such country by the quantity of the transshipped articles multiplied by 3.

“(iii) TRANSSHIPMENT DESCRIBED.—Transshipment within the meaning of this subparagraph has occurred when preferential treatment for a textile or apparel article under subparagraph (B) has been claimed on the basis of material false information concerning the country of origin, manufacture, processing, or assembly of the article or any of its components. For purposes of this clause, false information is material if disclosure of the true information would mean or would have meant that the article is or was ineligible for preferential treatment under subparagraph (B).

“(E) BILATERAL EMERGENCY ACTIONS.—

“(i) IN GENERAL.—The President may take bilateral emergency tariff actions of a kind described in section 4 of the Annex with respect to any apparel article imported from a beneficiary country if the application of tariff treatment under sub-

1 paragraph (B) to such article results in
2 conditions that would be cause for the tak-
3 ing of such actions under such section 4
4 with respect to a like article described in
5 the same 8-digit subheading of the HTS
6 that is imported from Mexico.

7 “(ii) RULES RELATING TO BILATERAL
8 EMERGENCY ACTION.—For purposes of ap-
9 plying bilateral emergency action under
10 this subparagraph—

11 “(I) the requirements of para-
12 graph (5) of section 4 of the Annex
13 (relating to providing compensation)
14 shall not apply;

15 “(II) the term ‘transition period’
16 in section 4 of the Annex shall have
17 the meaning given that term in para-
18 graph (4)(C) of this subsection; and

19 “(III) the requirements to con-
20 sult specified in section 4 of the
21 Annex shall be treated as satisfied if
22 the President requests consultations
23 with the beneficiary country in ques-
24 tion and the country does not agree to

1 consult within the time period speci-
2 fied under section 4.

3 “(3) CUSTOMS PROCEDURES.—

4 “(A) IN GENERAL.—

5 “(i) REGULATIONS.—Any importer
6 that claims preferential treatment under
7 paragraph (2) shall comply with customs
8 procedures similar in all material respects
9 to the requirements of Article 502(1) of
10 the NAFTA as implemented pursuant to
11 United States law, in accordance with reg-
12 ulations promulgated by the Secretary of
13 the Treasury.

14 “(ii) DETERMINATION.—

15 “(I) IN GENERAL.—In order to
16 qualify for the preferential treatment
17 under paragraph (2) and for a Certifi-
18 cate of Origin to be valid with respect
19 to any article for which such treat-
20 ment is claimed, there shall be in ef-
21 fect a determination by the President
22 that each country described in sub-
23 clause (II)—

24 “(aa) has implemented and
25 follows, or

1 “(bb) is making substantial
2 progress toward implementing
3 and following,
4 procedures and requirements similar
5 in all material respects to the relevant
6 procedures and requirements under
7 chapter 5 of the NAFTA.

8 “(II) COUNTRY DESCRIBED.—A
9 country is described in this subclause
10 if it is a beneficiary country—

11 “(aa) from which the article
12 is exported, or

13 “(bb) in which materials
14 used in the production of the ar-
15 ticle originate or in which the ar-
16 ticle or such materials undergo
17 production that contributes to a
18 claim that the article is eligible
19 for preferential treatment.

20 “(B) CERTIFICATE OF ORIGIN.—The Cer-
21 tificate of Origin that otherwise would be re-
22 quired pursuant to the provisions of subpara-
23 graph (A) shall not be required in the case of
24 an article imported under paragraph (2) if such
25 Certificate of Origin would not be required

1 under Article 503 of the NAFTA (as imple-
 2 mented pursuant to United States law), if the
 3 article were imported from Mexico.

4 “(4) DEFINITIONS AND SPECIAL RULES.—For
 5 purposes of this subsection—

6 “(A) ANNEX.—The term ‘the Annex’
 7 means Annex 300–B of the NAFTA.

8 “(B) TRANSITION PERIOD.—The term
 9 ‘transition period’ means, with respect to a ben-
 10 eficiary country, the period that begins on Octo-
 11 ber 1, 1999, and ends on September 30,
 12 2005.’”.

13 (b) INTERNATIONAL TRADE COMMISSION RE-
 14 PORTS.—

15 (1) Section 215(a) of the Caribbean Basin Eco-
 16 nomic Recovery Act (19 U.S.C. 2704(a)) is amended
 17 to read as follows:

18 “(a) REPORTING REQUIREMENT.—

19 “(1) IN GENERAL.—The United States Inter-
 20 national Trade Commission (in this section referred
 21 to as the ‘Commission’) shall submit to Congress
 22 and the President biennial reports regarding the eco-
 23 nomic impact of this title on United States indus-
 24 tries and consumers.

1 “(2) FIRST REPORT.—The first report shall be
 2 submitted not later than September 30 of the year
 3 following the year in which the United States-Carib-
 4 bean Basin Trade Enhancement Act is enacted. No
 5 report shall be required under this section after Sep-
 6 tember 30, 2006.

7 “(3) TREATMENT OF PUERTO RICO, ETC.—For
 8 purposes of this section, industries in the Common-
 9 wealth of Puerto Rico and the insular possessions of
 10 the United States are considered to be United States
 11 industries.”.

12 (2) Section 206(a) of the Andean Trade Pref-
 13 erence Act (19 U.S.C. 3204(a)) is amended to read
 14 as follows:

15 “(a) REPORTING REQUIREMENTS.—

16 “(1) IN GENERAL.—The United States Inter-
 17 national Trade Commission (in this section referred
 18 to as the ‘Commission’) shall submit to Congress
 19 and the President biennial reports regarding the eco-
 20 nomic impact of this title on United States indus-
 21 tries and consumers, and, in conjunction with other
 22 agencies, the effectiveness of this title in promoting
 23 drug-related crop eradication and crop substitution
 24 efforts of the beneficiary countries.

1 “(2) SUBMISSION.—During the period that this
 2 title is in effect, the report required by paragraph
 3 (1) shall be submitted on September 30 of each year
 4 that the report required by section 215 of the Carib-
 5 bean Basin Economic Recovery Act is not submitted.

6 “(3) TREATMENT OF PUERTO RICO, ETC.—For
 7 purposes of this section, industries in the Common-
 8 wealth of Puerto Rico and the insular possessions of
 9 the United States are considered to be United States
 10 industries.”.

11 (c) TECHNICAL AND CONFORMING AMENDMENTS.—

12 (1) IN GENERAL.—

13 (A) Section 211 of the Caribbean Basin
 14 Economic Recovery Act (19 U.S.C. 2701) is
 15 amended by inserting “(or other preferential
 16 treatment)” after “treatment”.

17 (B) Section 213(a)(1) of the Caribbean
 18 Basin Economic Recovery Act (19 U.S.C.
 19 2703(a)(1)) is amended by inserting “and ex-
 20 cept as provided in subsection (b)(2),” after
 21 “Tax Reform Act of 1986,”.

22 (2) DEFINITIONS.—Section 212(a)(1) of the
 23 Caribbean Basin Economic Recovery Act (19 U.S.C.
 24 2702(a)(1)) is amended by adding at the end the
 25 following new subparagraph:

1 “(D) The term ‘NAFTA’ means the North
 2 American Free Trade Agreement entered into
 3 between the United States, Mexico, and Canada
 4 on December 17, 1992.”.

5 **SEC. 105. ADEQUATE AND EFFECTIVE PROTECTION FOR IN-**
 6 **TELLECTUAL PROPERTY RIGHTS.**

7 Section 212(c) of the Caribbean Basin Economic Re-
 8 covery Act (19 U.S.C. 2702(c)) is amended by adding at
 9 the end the following flush sentence:
 10 “Notwithstanding any other provision of law, the Presi-
 11 dent may determine that a country is not providing ade-
 12 quate and effective protection of intellectual property
 13 rights under paragraph (9), even if the country is in com-
 14 pliance with the country’s obligations under the Agree-
 15 ment on Trade-Related Aspects of Intellectual Property
 16 Rights described in section 101(d)(15) of the Uruguay
 17 Round Agreements Act (19 U.S.C. 3511(d)(15)).”.

18 **SEC. 106. DUTY-FREE TREATMENT FOR CERTAIN BEV-**
 19 **ERAGES MADE WITH CARIBBEAN RUM.**

20 Section 213(a) of the Caribbean Basin Economic Re-
 21 covery Act (19 U.S.C. 2703(a)) is amended—

22 (1) in paragraph (5), by striking “chapter” and
 23 inserting “title”; and

24 (2) by adding at the end the following new
 25 paragraph:

1 “(6) Notwithstanding paragraph (1), the duty-free
 2 treatment provided under this title shall apply to liqueurs
 3 and spirituous beverages produced in the territory of Can-
 4 ada and Mexico from rum if—

5 “(A) such rum is the growth, product, or manu-
 6 facture of a beneficiary country or of the Virgin Is-
 7 lands of the United States;

8 “(B) such rum is imported directly from a ben-
 9 eficiary country or the Virgin Islands of the United
 10 States into the territory of Canada and Mexico, and
 11 such liqueurs and spirituous beverages are imported
 12 directly from the territory of Canada and Mexico
 13 into the customs territory of the United States;

14 “(C) when imported into the customs territory
 15 of the United States, such liqueurs and spirituous
 16 beverages are classified in subheading 2208.90 or
 17 2208.40 of the HTS; and

18 “(D) such rum accounts for at least 90 percent
 19 by volume of the alcoholic content of such liqueurs
 20 and spirituous beverages.”.

21 **TITLE II—ECONOMIC SUPPORT** 22 **FUND AND OTHER ASSISTANCE**

23 **SEC. 201. ESF ASSISTANCE; HABITAT FOR HUMANITY.**

24 (a) ESF ASSISTANCE.—There is authorized to be ap-
 25 propriated to the President for fiscal year 1999

1 \$530,000,000 to carry out chapter 4 of part II of the For-
 2 eign Assistance Act of 1961 to be used for roads, agricul-
 3 tural investment, microcredit loans, water sanitation,
 4 health clinics, vaccinations, and technical assistance for
 5 housing in the affected areas of Central America and the
 6 Caribbean.

7 (b) ASSISTANCE FOR HABITAT FOR HUMANITY
 8 INTERNATIONAL TO RESPOND TO THE LONG-RANGE
 9 CENTRAL AMERICAN RECONSTRUCTION.—Of the amount
 10 authorized to be appropriated under subsection (a),
 11 \$50,000,000 are authorized to be available over a period
 12 of 5 years for eligible expenses in connection with develop-
 13 ing new or renovating existing structures to provide de-
 14 cent, safe, and sanitary nonluxury dwellings in the coun-
 15 tries of Central America and the Caribbean for families
 16 and persons who otherwise would be unable to afford to
 17 purchase a dwelling.

18 (c) AVAILABILITY OF FUNDS.—Amounts appro-
 19 priated pursuant to subsection (b) are authorized to re-
 20 main available until expended.

21 **SEC. 202. DISASTER ASSISTANCE.**

22 (a) IN GENERAL.—In addition to amounts otherwise
 23 available for such purpose, there are authorized to be ap-
 24 propriated to the President for fiscal year 1999
 25 \$20,000,000 to carry out chapter 9 of part I of the For-

1 eign Assistance Act of 1961 (22 U.S.C. 2292 et seq.; relat-
 2 ing to international disaster assistance) with respect to af-
 3 fected countries of Central America and the Caribbean.

4 (b) AVAILABILITY OF FUNDS.—Amounts appro-
 5 priated under this section are authorized to remain avail-
 6 able until expended.

7 **SEC. 203. DISASTER MITIGATION.**

8 (a) UNITED STATES GEOLOGICAL SURVEY IMAG-
 9 ING.—There is authorized to be appropriated to the
 10 United States Geological Survey \$15,000,000 to conduct
 11 imaging and analysis in Honduras and Nicaragua to mini-
 12 mize future loss of life and property.

13 (b) DEPARTMENT OF INTERIOR.—There is author-
 14 ized to be appropriated to the Department of the Interior
 15 \$12,000,000 to develop a river monitoring system in Hon-
 16 duras.

17 **TITLE III—DEPARTMENT OF**
 18 **DEFENSE**

19 **SEC. 301. DRAWDOWN AUTHORITY.**

20 (a) IN GENERAL.—The President is authorized to di-
 21 rect the drawdown under section 506 of the Foreign As-
 22 sistance Act of 1961 (22 U.S.C. 2318) of defense articles
 23 from the stocks of the Department of Defense and defense
 24 services of the Department of Defense for the purposes

1 of providing disaster relief and reconstruction to affected
2 areas of Central America and the Caribbean.

3 (b) LIMITATION.—The aggregate value (as defined in
4 section 644(m) of the Foreign Assistance Act of 1961)
5 of assistance provided under this section may not exceed
6 \$75,000,000 in fiscal year 1999.

7 (c) ADDITIONAL EXISTING AUTHORITY.—The aggre-
8 gate value of the drawdown authority under this section
9 is provided in addition to the aggregate value of drawdown
10 authority otherwise available to the President for fiscal
11 year 1999.

12 **SEC. 302. REPLACEMENT OF FUNDS USED FOR DISASTER**
13 **RELIEF AND RECONSTRUCTION IN CONNEC-**
14 **TION WITH HURRICANE MITCH.**

15 In addition to amounts authorized to be appropriated
16 under any other law for the Department of Defense for
17 the fiscal year ending on September 30, 1999, funds are
18 hereby authorized to be appropriated for the use of the
19 Armed Forces and other activities and agencies of the De-
20 partment of Defense for expenses, not otherwise provided
21 for, for operation and maintenance, in amounts as follows:

22 (1) For the New Horizons Program,
23 \$70,000,000, of which \$56,000,000 is available for
24 use for Central America and the Dominican Repub-

1 lic, and \$14,000,000 is available to pay for the Na-
2 tional Guard and Reserve.

3 (2) For Overseas Humanitarian, Disaster, and
4 Civic Aid programs, \$50,000,000, to remain avail-
5 able until September 30, 2000.

6 (3) For the CINC Initiative Fund,
7 \$20,000,000.

8 **TITLE IV—INTERNATIONAL**
9 **MONETARY RELIEF**

10 **SEC. 401. RESCHEDULING AND REDUCTION OF INDEBTED-**
11 **NESS.**

12 (a) AUTHORITY TO RESCHEDULE DEBT.—The
13 President is authorized to reschedule the repayment of in-
14 terest owed to the United States (or any agency of the
15 United States) in fiscal years 1999 and 2000 by the Gov-
16 ernments of Honduras and Nicaragua on indebtedness
17 outstanding as of October 1, 1998.

18 (b) AUTHORITY TO REDUCE DEBT.—

19 (1) AUTHORITY.—The President shall reduce
20 the amount owed to the United States (or any agen-
21 cy of the United States) by the Government of Hon-
22 duras that is outstanding as of October 1, 1998, as
23 a result of concessional loans made to Honduras by
24 the United States under part I or chapter 4 of part

1 II of the Foreign Assistance Act of 1961, or prede-
 2 cessor foreign economic assistance legislation.

3 (2) APPROPRIATIONS REQUIREMENT.—The au-
 4 thority provided by this section may be exercised
 5 only in such amounts or to such extent as is pro-
 6 vided in advance by appropriations Acts.

7 (3) CERTAIN PROHIBITIONS INAPPLICABLE.—

8 (A) A reduction of debt pursuant to this
 9 section shall not be considered assistance for
 10 purposes of any provision of law limiting assist-
 11 ance to a country.

12 (B) The authority of this section may be
 13 exercised notwithstanding section 620(r) of the
 14 Foreign Assistance Act of 1961 or section 321
 15 of the International Development and Food As-
 16 sistance Act of 1975.

17 (c) IMPLEMENTATION OF DEBT REDUCTION.—

18 (1) IN GENERAL.—The debt reduction pursuant
 19 to subsection (b) shall be accomplished by the ex-
 20 change of a new obligation for obligations outstand-
 21 ing as of the date specified in subsection (b)(1).

22 (2) EXCHANGE OF OBLIGATIONS.—The Presi-
 23 dent shall notify the agency primarily responsible for
 24 administering part I of the Foreign Assistance Act
 25 of 1961 of the agreement with Honduras to ex-

1 change a new obligation for outstanding obligations
 2 pursuant to this subsection. At the direction of the
 3 President, the old obligations shall be canceled and
 4 a new debt obligation for the country shall be estab-
 5 lished, and the agency primarily responsible for ad-
 6 ministering part I of the Foreign Assistance Act of
 7 1961 shall make an adjustment in its accounts to re-
 8 flect the debt reduction.

9 (d) CURRENCY OF PAYMENT.—The principal amount
 10 of each new obligation issued pursuant to subsection (c)
 11 shall be repaid in United States dollars.

12 (e) DEPOSIT OF PAYMENTS.—Principal repayments
 13 of new obligations shall be deposited in the United States
 14 Government account established for principal repayments
 15 of the obligations for which those obligations were ex-
 16 changed.

17 (f) RATE OF INTEREST.—New obligations issued by
 18 a beneficiary country pursuant to subsection (c) shall bear
 19 interest at concessional rates.

20 **SEC. 402. CONTRIBUTION TO A CENTRAL AMERICAN EMER-**
 21 **GENCY TRUST FUND.**

22 (a) AUTHORITY TO CONTRIBUTE.—The United
 23 States Governor of the International Bank for Reconstruc-
 24 tion and Development is authorized on behalf of the
 25 United States to contribute \$25,000,000 to the Central

1 American Emergency Trust Fund under the Bank, except
 2 that any commitment to make such contribution shall be
 3 made subject to obtaining the necessary appropriations.

4 (b) AUTHORIZATION OF APPROPRIATIONS.—In order
 5 to pay for the United States contribution to the Central
 6 American Emergency Trust Fund under the International
 7 Bank for Reconstruction and Development provided for in
 8 subsection (a), there is authorized to be appropriated to
 9 the Department of the Treasury \$25,000,000, without fis-
 10 cal year limitation.

11 **TITLE V—OPIC**

12 **SEC. 501. PRIVATE SECTOR DEVELOPMENT ACTIVITIES OF** 13 **THE OPIC.**

14 (a) PURPOSE.—The purpose of this section is to en-
 15 courage OPIC to work with United States businesses and
 16 other United States entities to invest in the affected areas
 17 of Central America and the Caribbean, particularly in
 18 ways that will help promote sustainable development.

19 (b) SENSE OF CONGRESS.—It is the sense of Con-
 20 gress that OPIC should in accordance with its mandate
 21 to foster private investment and enhance the ability of pri-
 22 vate enterprise to make its full contribution to the develop-
 23 ment process, exercise its authority under law to increase
 24 efforts to promote and support United States sponsored

1 private investment in the affected areas of Central Amer-
2 ica and the Caribbean, including—

3 (1) issuing loans, guaranties, and insurance, to
4 support infrastructure, agriculture, small business,
5 tourism, and other projects as appropriate; and

6 (2) undertaking a special initiative that
7 includes—

8 (A) sending a needs assessment team to
9 the region to determine ways in which OPIC
10 services can best support the essential invest-
11 ment required to restore infrastructure and
12 other critical services in the countries impacted
13 by the disaster;

14 (B) engaging in an exhaustive outreach
15 program to involve United States companies in
16 the recovery process and exploring potential
17 new projects which will assist Central America
18 and the Caribbean;

19 (C) consulting and coordinating with host
20 country governments to promote private invest-
21 ment in priority sectors; and

22 (D) utilizing existing equity funds to sup-
23 port developmental private sector projects.

24 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
25 authorized to be appropriated to OPIC \$1,000,000 for fis-

1 cal year 1999 to cover the administrative costs of the ac-
 2 tivities described in subsection (b).

3 (d) PILOT EQUITY FINANCE PROGRAM.—Section 234
 4 of the Foreign Assistance Act of 1961 (22 U.S.C. 2194)
 5 is amended—

6 (1) in subsection (g)—

7 (A) in paragraph (1), by inserting, “begin-
 8 ning on the date of establishment of the revolv-
 9 ing fund described in paragraph (5)” after “4-
 10 year pilot program”;

11 (B) in the heading of paragraph (2), by
 12 striking “SUB-SAHARAN AFRICA AND CARIB-
 13 BEAN BASIN” and inserting “SUB-SAHARAN AF-
 14 RICA, CARIBBEAN BASIN, AND CENTRAL AMER-
 15 ICA”; and

16 (C) in paragraph (2), by inserting “Central
 17 American and Caribbean countries affected by
 18 Hurricane Mitch and Hurricane Georges,” after
 19 “Africa”; and

20 (2) by redesignating subsection (c) (the second
 21 place it appears) as paragraph (5); and

22 (3) in paragraph (5) (as redesignated by para-
 23 graph (2) of this subsection)—

24 (A) by striking “\$10,000,000” and insert-
 25 ing “\$250,000,000”; and

1 (B) by indenting the paragraph one full
2 measure.

3 **TITLE VI—MICROCREDIT AND**
4 **AGRICULTURAL ASSISTANCE**

5 **SEC. 601. DECLARATION OF POLICY.**

6 It is the policy of the United States, consistent with
7 title XII of part I of the Foreign Assistance Act of 1961,
8 to support the governments of Central American and Car-
9 ibbean countries, United States and nongovernmental or-
10 ganizations, universities, businesses, and international
11 agencies, to help ensure the availability of basic nutrition
12 and economic opportunities for individuals in the affected
13 region, through sustainable agriculture and rural develop-
14 ment.

15 **SEC. 602. MICROENTERPRISE ASSISTANCE.**

16 (a) BILATERAL ASSISTANCE.—In providing disaster
17 assistance in the aftermath of Hurricanes Mitch and
18 Georges, the Administrator shall, to the extent practicable,
19 use credit and microcredit assistance to rehabilitate agri-
20 culture production in the affected areas of Central Amer-
21 ica and the Caribbean. In providing assistance, the Admin-
22 istrator should use the applied research and technical as-
23 sistance capabilities of United States land-grant univer-
24 sities.

1 (b) MULTILATERAL ASSISTANCE.—The Adminis-
 2 trator shall continue to work with other countries, inter-
 3 national organizations (including multilateral development
 4 institutions), and entities assisting microenterprises and
 5 shall develop a comprehensive and coordinated strategy for
 6 providing microenterprise assistance for Central America
 7 and the Caribbean.

8 **SEC. 603. SUPPORT FOR PRODUCER-OWNED COOPERATIVE**
 9 **MARKETING ASSOCIATIONS.**

10 (a) PURPOSES.—The purposes of this section are—

11 (1) to support producer-owned cooperative pur-
 12 chasing and marketing associations in Central
 13 America and the Caribbean;

14 (2) to strengthen the capacity of farmers in
 15 Central America and the Caribbean to participate in
 16 national and international private markets and to
 17 promote rural development in the region;

18 (3) to encourage the efforts of farmers in Cen-
 19 tral America and the Caribbean to increase their
 20 productivity and income through improved access to
 21 farm supplies, seasonal credit, technical expertise;
 22 and

23 (4) to support small businesses in Central
 24 America and the Caribbean as they grow beyond
 25 microenterprises.

1 (b) SUPPORT FOR PRODUCER-OWNED COOPERATIVE
2 MARKETING ASSOCIATIONS.—

3 (1) ACTIVITIES.—The Administrator is author-
4 ized to utilize relevant foreign assistance programs
5 and initiatives for Central America and the Carib-
6 bean region to support private producer-owned coop-
7 erative marketing associations in the region, includ-
8 ing rural business associations that are owned and
9 controlled by farmer shareholders.

10 (2) OTHER ACTIVITIES.—In addition to carry-
11 ing out paragraph (1), the Administrator is
12 encouraged—

13 (A) to cooperate with governments of for-
14 eign countries, including governments of politi-
15 cal subdivisions of such countries, their agricul-
16 tural research universities, and particularly with
17 United States nongovernmental organizations
18 and United States land-grant universities, that
19 have demonstrated expertise in the development
20 and promotion of successful private producer-
21 owned cooperative marketing associations; and

22 (B) to facilitate partnerships between
23 United States and Central America and the
24 Caribbean cooperatives and private businesses
25 to enhance the capacity and technical and mar-

1 keting expertise of business associations in the
2 region.

3 **SEC. 604. AGRICULTURAL RESEARCH AND EXTENSION AC-**
4 **TIVITIES.**

5 (a) DEVELOPMENT OF PLAN.—The Administrator, in
6 consultation with the Secretary of Agriculture and appro-
7 priate Department of Agriculture agencies, especially the
8 Cooperative State, Research, Education and Extension
9 Service (CSREES), shall develop a comprehensive plan to
10 coordinate and build on the research and extension activi-
11 ties of United States land-grant universities, international
12 agricultural research centers, and national agricultural re-
13 search and extension centers in Central America and the
14 Caribbean.

15 (b) ADDITIONAL REQUIREMENTS.—The plan shall
16 seek to ensure that—

17 (1) research and extension activities respond to
18 the needs of the agriculture sectors devastated by
19 Hurricane Mitch while developing the potential and
20 skills of researchers, extension agents, farmers, and
21 agribusiness persons in the region so that these indi-
22 viduals may continue to change others in the future;
23 and

1 (2) sustainable agricultural methods of farming
 2 will be considered together with new technologies in
 3 rehabilitating agricultural production in the region.

4 **SEC. 605. NONEMERGENCY FOOD ASSISTANCE PROGRAMS.**

5 (a) IN GENERAL.—In providing nonemergency assist-
 6 ance under title II of the Agricultural Trade Development
 7 and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), the
 8 Administrator shall ensure that—

9 (1) in planning, decisionmaking, and providing
 10 assistance, the Administrator takes into consider-
 11 ation local input and participation directly and
 12 through United States and indigenous private and
 13 voluntary organizations;

14 (2) each of the nonemergency activities de-
 15 scribed in paragraphs (2) through (6) of section 201
 16 of such Act (7 U.S.C. 1721), including programs
 17 that provide assistance to people of any age group
 18 who are otherwise unable to meet their basic food
 19 needs (including feeding programs for the disabled,
 20 orphaned, elderly, sick and dying), are carried out;
 21 and

22 (3) greater flexibility is provided for program
 23 and evaluation plans so that such assistance may be
 24 developed to meet local needs, as provided for in sec-
 25 tion 202(f) of such Act (7 U.S.C. 1722(f)).

1 (b) OTHER REQUIREMENTS.—In providing assist-
2 ance under the Agriculture Trade Development and As-
3 sistance Act of 1954, the Secretary of Agriculture and the
4 Administrator shall ensure that commodities are provided
5 in a manner that is consistent with section 403 (a) and
6 (b) of such Act (7 U.S.C. 1733 (a) and (b)).

○